PUBLIC

THE PARLIAMENTARY JOINT SELECT COMMITTEE ON ENERGY MATTERS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON WEDNESDAY 21 OCTOBER 2026.

ENERGY MATTERS

The Committee met at 9.00 a.m.

Office of the Coordinator-General

CHAIR (Ms Forrest) – Thanks Minister and your team for appearing before the Energy Matters Committee looking into all matters related to energy, effectively, but we've narrowed our focus particularly onto the energy requirements of major industrials and the emergence of AI infrastructure and data centres, predominantly, and the role of the government businesses around a lot of that and, in your particular case here, the role and potential interventions of the Office of the Coordinator-General over the period. That's the reason we've invited you to appear.

As you would be aware, this hearing is covered by parliamentary privilege and so everything you say is covered by parliamentary privilege that may not extend beyond the Committee hearing. If there is anything of a confidential nature you wish to share with the Committee, you can make that request, otherwise it is all public. It's being broadcast and transcribed for our parliamentary records.

I assume we don't have any questions before we proceed any further?

Mr ELLIS - None for me.

Mr HENDRIKS - No, that's fine.

CHAIR - All good. Because you're all remote, I'll ask you one at a time if I could, except for you, Minister, obviously.

Mr DENNIS HENDRIKS, ACTING COORDINATOR-GENERAL, **Mr DAVID BENNETT**, EXECUTIVE DIRECTOR, INVESTMENT ATTRACTION, and **Mr MICHAEL MOGRIDGE**, DEPUTY SECRETARY, BUILDING TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED (VIA TEAMS).

CHAIR - Minister, did you wish to make some opening comments before we go to questions?

Mr ELLIS - I'm happy to go straight to questions rather than do an opening statement. I would just note that the staff that we have here in the room with us today are from the Office of the Coordinator-General. We'll do our best to assist the Committee in terms of those matters and any others that might fall within our broader purview. Without Hydro Tasmania and the relevant ReCFIT teams here, some matters we may need to defer to them or take on notice, but we'll do our best to assist the Committee with your questioning.

CHAIR - Thanks, Minister. Also, we have invited the Minister for Energy to appear again on these particular matters we're looking at, so if you think these matters are better directed to him, you can indicate that as well.

Mr ELLIS - Yes, I'll let you know and we'll be happy to take things on notice as well.

CHAIR - Thank you. Just to start, this it is directed to Dennis, who's acting in the role of Coordinator-General. Are you able to give us a bit of a history of the involvement, engagement, whatever has happened with, particularly Firmus, which is the one that now has a presence in Tasmania, and has had for a little while, and other data and AI infrastructure, and what role you've taken in that?

Mr HENDRIKS - I'm very happy to do that, Chair. From an OCG perspective, I suppose we see ourselves predominantly as a facilitator, so working with investment projects. Really, we're sector-agnostic to a large degree. As long as those projects we're dealing align with priorities of the state, then we will work with those project proponents in terms of providing guidance, certainly providing contacts, facilitating introductions to various entities. They could be GBEs, they could be others. Trying to do what we can to assist them in terms of as they move through the investment cycle and the development path that they're on. So, we don't play a role, we're not a regulator, we don't have any authority in relation to any of that, but it's very much sort of working.

Firmus, I suppose as an example - and I wasn't with the OCG for all of this period, but I understand that the office has worked with Firmus as a company since about 2019, when they first established in Launceston. And I suppose that level of support has probably expanded obviously significantly over the last year or two as they've moved into the other projects, Southgate projects and Bell Bay, Wesley Vale and, of course St Leonards. In the same vein, we do interact with a number of other proponents, and we did table some of that information earlier in the year in relation to that. I'm very happy to provide a little more context around those projects if that would be of interest, because I do think it's important to understand that, from our perspective, those other proponents that we tabled are at a very early stage of development, all of them. I can go through them individually, if you would like.

For instance, one of them, the smallest one, is actually on hold at the moment anyway. The proponent has told us that. One of the other ones is exploring the potential around an AI data centre in the north-west. Their site due diligence is at a very early stage. Our role in that, we've introduced them to the planning authority that's involved in that. As we understand it, they haven't had any conversations necessarily with any energy providers, Hydro or anybody else. It is possible we're not necessarily aware of everything that they are doing. That is at a very early stage of consideration, I suppose, and has a long pathway to go before, or even if, it comes to fruition.

Certainly, in relation to one of the other projects, that was more probably open to a developer who is interested in developing sites and locations in Tasmania. But there are no specific sites, I believe, that that developer is actually looking at the moment. And again, as far as we are aware, they've had no engagement with any energy provider or anybody else, so again at a very early stage of delivery.

Project 4 that we sort of talked about is a little bit different. That's a specific proponent that is looking potentially at their own activities. They're interest in the data centre is more to

support their own ambitions around both their Tasmanian but also other operations as they expand. So, I suppose it's quite different to a lot of the others that are looking for external customers.

Project 5 that we talked about was really looking at, again, modular accelerated compute units. Really, they're looking at putting that where the electricity network already has some spare capacity. They're very small units and they're able to run very flexibly and dispatchable. But again, that's a very early-stage conversation. As we understand it, there's again no specific sites identified by that proponent. We think they've had some early engagement with TasNetworks and that's about where that one is.

The last one that we listed was really, it was almost an expression of interest to ours, which was predominantly driven by what was occurring around the Liberty Bell Bay situation and just an awareness that that power contract may come to an end. That then sort of led to an increase in interest from parties. They were only one of the number, but they just happened to be a data centre provider who was interested in exploring whether or not that would open up an opportunity for something. But that really hasn't progressed any further from that initial inquiry. Obviously, there's other things that are happening around that site that may well mean that that will never come to fruition.

I suppose I just wanted to clearly indicate that there is no proponent that we are talking. That's not to say that there aren't other proponents because we're certainly not aware of every proponent that may be looking in Tasmania. And it is a very dynamic list in that that could change very, very quickly in terms of who might come to us to actually ask us about a particular project. But Firmus is well ahead of where anybody else in that development cycle. Our expectation would be that, in relation to any of these other providers, they may well take some years if, in fact, they ever come to fruition.

CHAIR - Dennis, you say there's six who you've engaged with at various levels that are all related to data centres and AI infrastructure. It that correct?

Mr HENDRIKS - Yes, I suppose. They're all different.

CHAIR - In broad terms, yes?

Mr HENDRIKS - In broad terms, yes.

CHAIR - Do you have any visibility at all of what their likely energy requirements would be as a collective?

Mr HENDRIKS - If we took them at face value as to what they're saying at the moment as a collective, it could be, say, 700 megawatts. But we think that's highly unlikely that that would necessarily happen. Certainly, the Firmus journey alone has demonstrated to us that what a proponent may look at initially may be quite different from where it actually ends up. Between now and whenever one of those projects come to fruition, there are a lot of steps that those project proponents would need to go through. That would include a lot of conversations with energy providers, with Hydro, with Aurora, with TasNetworks around what is even possible. That would need to be taken into account along that journey, I suppose.

Mr BAYLEY - The draft statement of expectations for data centres has engagement with the Tasmanian government and says that the OCG provides a central point of coordination, the first dot point being identifying potentially suitable sites. Can you confirm whether, for that list of six projects, you've engaged with them on identifying suitable sites?

Mr HENDRIKS - With some of those proponents, we certainly would have. Certainly, with the one - there's a couple in there, though, that have identified their own sites. If a proponent, and not just an AI data centre, but other proponents, it's certainly not unusual for a proponent of any type of development, it could be hospitality, it could be manufacturing, it could be anything else. It's certainly not unusual for them to come to the OCG and say, 'Look, we are interested in Tasmania', for whatever reasons that is, and we would – sorry -

Mr ELLIS - What is that ringtone? It's very relaxing.

Mr HENDRIKS - Apologies.

Mr BAYLEY - With that in mind, it feels like the OCG is obviously engaging with these proponents and facilitating conversations. Meanwhile, Tasmanians are drip-fed information or hear rumours or hear stories about what's happening. Another point in the draft expectations is early engagement with community and stakeholders:

> Early and transparent engagement help communities and stakeholders understand projects. With this in mind, proponents are expected to -

Et cetera. Engage early. That's a pretty basic and fundamental principle of planning and development. But, I guess, given the secrecy around the projects that the OCG is supporting - like, the list you referred to that was tabled in parliament only came about because of a Greens motion by Tabatha Badger in the House. How are you going to be more transparent with people? On one hand, you are helping these data centres identify potentially suitable sites, and yet on the other hand they're expected to engage early with the community. Do you see a role? How is the OCG going to be more transparent and up-front with the Tasmanian community about the sites that it is identifying on behalf of these data centres?

Mr HENDRIKS - Well, certainly I suppose there's a number of things to unpack in there. We're working at the moment, and it's a bit of a continuous project, to try and actually increase our transparency. Very recently we put up online, there's now a public-facing dashboard that provides a lot more information in relation to our existing pipeline of projects, what sectors they're in, what stage they're at. Some of that information has never been available before.

Mr BAYLEY - Just to interrupt there, I'm sorry. But one of the pointiest issues is obviously site selection, where these data centres are going to be located. You are identified as helping communities identify these sites. The question stands: how are you going to improve communication with Tasmanians about that? Do you see the OCG as having a role in facilitating conversations with Tasmanians, the people that actually will be sharing their communities with these data centres, ahead of pointing data centres to these sites. How are you going to improve that communication?

Mr HENDRIKS - There's probably two points to that, and hopefully the expectations and the iteration when they're actually fully developed will take into account some of that themselves. I suppose, at the moment, what I would say in relation to any large-scale data

centre/AI proposal, we would push them towards industrial estates and industrial sites. We've never pushed anybody, that I'm aware of, to any other appropriate zoning. We've done that on the basis that they have been approved in the past and it seems to make sense from a planning perspective.

Ms FINLAY - You can't say that St Leonards is actually truly industrial. It's nestled within communities and residential areas.

Mr HENDRIKS - It is, yes, But, well, my understanding is that it is on some industrial land. I think there is some lower rural as well.

Ms FINLAY - Maybe by zoning, but not by location.

Mr BAYLEY - The question really is specifically - and maybe it's for you, Minister, being kind of responsible: does the OCG have a role in communicating with communities about the sites that it is identifying and pushing data centres towards? You've identified you need early communication with communities. You've identified that this unit is helping with sites. What is their role in communicating and ensuring the community's informed?

Mr ELLIS - Yes, obviously, we're working through this sort of stuff. There's some substantial broader government communication about site locations, those kinds of things. It's also, in some ways, an expectation on the proponents about their communication to the communities when they are starting to, I suppose, clear up and crystallise their proposals. Obviously, part of the reason why not -

Mr BAYLEY - But, Minister, the OCG is pointing them at sites, so isn't there a responsibility for you as government and the OCG to be part of that conversation? It's too late by the time you've pointed them to a site and then they start that conversation.

Mr ELLIS - Yes, I mean, obviously we're working through a range of different locations that are not surprising to anybody in terms of where we'd like to see some of these kinds of, and other industrial developments. I don't think it would be a shock to anyone that Bell Bay is a really good spot to be locating an industrial site. Similarly with Wesley Vale. So, obviously, that's work that will continue and is ongoing.

Mr BAYLEY - You've got plenty of people up there that disagree.

CHAIR - Just before we go on, can I ask Dennis to point me to your website as to where I can see the information you suggest is there and how the community can engage in this? This was a problem when the Public Accounts Committee did a follow-up of the expressions of interest for the tourism projects - that it wasn't clearly visible. That had improved, but I can't see it, so can you point me to where exactly on the website I can find that public-facing information you've alluded to?

Mr BENNETT - I can answer that, if you like. In the Office of the Coordinator-General website, under Project Facilitation, there's the Investment Project Pipeline.

Mr ELLIS - I'm just trying to pull it up as well.

CHAIR - Yeah. Where does it tell us on that about potential AI data centres and things like that?

Mr HENDRIKS - It wouldn't necessarily go down to that level, Chair. We do have some issues around the fact that - I mean, proponents will only speak to us, in many cases, on a confidential and commercial-in-confidence nature. In some cases, they will only speak to us, for instance, if we go to the point of actually signing an NDA, and then they will only share information that they choose to do so. So, there are some limitations on our ability to be able to necessarily put forward some of that.

I will say that there is certainly future work that will need to be done around identifying, potentially, precincts or others that may make more sense, which might actually make that easier. Certainly, taking the Minister's point, we do encourage proponents - not just AI data centres but other proponents, to undertake community consultation in relation to their projects as soon as they possibly can, noting that, in many cases, that probably is very hard to do until they are at a certain point within their project development cycle.

Mr BAYLEY - Do you have a list of sites that you try to match prospective proponents to?

Mr HENDRIKS - We don't have a list, as such. We do work with sort of various local government areas as such, and we do have a lot of information in relation to sites that we maintain in relation to, particularly around that sort of industrial development-type activity, Bell Bay being a good example, but certainly throughout the state as well.

CHAIR - The website is really unhelpful. There is nothing in there that gives me any indication of what's in the pipeline, unless it's not working for me. If it's not working for me, it's probably not working for the public.

Ms FINLAY - Minister, I've got two questions at a level of the state economy. They're relevant in terms of how the energy is used to match up to AI infrastructure, but I'm interested in the question from the impact on the overall economy and other businesses and industry. I'd like to seek your commitment that new renewable energy is generated on island for these new large loads. There's been some confusion around the government's position on that. So, can you confirm for the Committee what instrument you would rely on to verify that new generation is matched to new load on island? The economic implications of it coming off island were raised by Saul Eslake in his contributions to the Committee recently at an economic level. I'm wondering if you can confirm that for the Committee?

Mr ELLIS - In terms of energy generation, obviously we don't have the team from ReCFIT here, but I'll just double-check, Mike, if there's anything you want to contribute on this one?

Mr MOGRIDGE - Minister, I probably can't add to that, noting that really, I think that is an energy policy query in relation to generation.

Mr ELLIS - What I might say at a high level, Ms Finlay, is that there's certainly a lot of interest in generating that electricity in Tasmania and, you know, we see some quite strong interest from, say, proponents like Firmus for working closely with Tasmanian energy projects. So, I can probably just add that, at a high level, it makes sense to be generating the energy on

the islands for a lot of these proponents in an economic sense. We've got some amazing wind resources and, obviously, with our hydro firming here as well, we're quite well placed in that regard.

Ms FINLAY - Is that a policy of government that it be generated on island?

Mr ELLIS - Yes. As I mentioned before, Ms Finlay, we don't have the team from ReCFIT here. We can take it on notice for you in terms of the Energy Minister. Certainly, we have strong interest from these proponents to generate the electricity on island and work with proponents.

One of the other things about data centres is that they have the capacity to actually bring on a lot of this new generation here on the island. A lot of other industrial proponents don't have that same kind of capacity. If you look at Firmus, their commitment is around 2 megawatts of energy generation for every megawatt of capacity that they're proposing to use, so that's really encouraging.

Ms FINLAY - We prosecuted that yesterday with Firmus. Of course, their commitment to bring on a minimum of two, because in some circumstances they'll need far more than two to actually cover the generation required to operate, that doesn't provide any benefit to Tasmanians. It only just covers what they need because of the intermittent delivery of energy through solar or wind. But at an economic level, have you, as Industry Minister, has the Cabinet or the government sought modelling from Treasury about the impacts of energy generation not on-island?

Mr ELLIS - I'm happy to take that on notice.

Ms FINLAY - You talked about other industries. I'm interested in the government's policy on ongoing commitment to our major industrials in Tasmania. As the negotiations played out for both Liberty and Bell Bay Aluminium, I'm wondering what the ongoing policy commitment is to major industrials in Tasmania?

Mr ELLIS - If you look at our economic diversification investment strategy, we really think that there are some great opportunities for Tasmania to continue to expand and diversify our economy over the next decade. We've got some incredible strengths here on the island if you look at some of the extraordinary abundance that we have in terms of natural resources, whether that's forestry, mining, aquaculture, agriculture, and then to be able to continue to further value-add in that space. Some of our major industrials are really critical for the work that they do for our economy. We're talking thousands of jobs collectively, a massive contribution to our economy. We also think that there's opportunities for us to grow new industries as well. I know Dr Shane Broad is very supportive of this, Ms Finlay. I know you perhaps have not seen eye to eye on this issue, but I think a lot of people -

Ms FINLAY - What issue is that, Minister?

CHAIR - We don't play politics in committees, I'm sorry.

Ms FINLAY - I'm not inviting politics.

CHAIR - No, he is. I'm asking him to stop.

Ms FINLAY - My question specifically is - and he's laughing. Minister, seriously, what is the policy commitment of government to the ongoing major industrials? What lessons has the government learned about - the next milestone will be the next time a major industrial seeks to enter into negotiations for an energy agreement. Does the government remain committed to finding a way to deliver energy agreements to our major industrials so that that benefit stays in Tasmania?

Mr ELLIS - Ms Finlay, I think there's probably a confusion there. The next milestone isn't necessarily about major industrial power contracts. What we saw with Bell Bay Aluminium, in fact, was it was actually an industry deal. There was a negotiation with Hydro, obviously, but many of these businesses around Australia and around the western world have a challenge for a range of different reasons. If you look at the situation with TEMCO and Whyalla in South Australia, they were caught up in the GFG Alliance corporate collapse around the world. If you look at the situation at the zinc works in Hobart, Nyrstar, and Port Pirie, the twin plant in South Australia, they're very challenged when it comes to the market distortions that are being particularly driven by market interventions from the Chinese Communist Party -

Ms FINLAY - Sorry, Minister, if I could just interrupt. I'm not confused. It is my question. The question I'm posing is: what has the government learnt or what review will you undertake that the next energy contract milestone that is entered into demonstrates a commitment to major industrials? Does the government remain committed to positively negotiating energy contracts with our major industrials so they stay in Tasmania?

Mr ELLIS - Absolutely. I mean, I think you just have to look at our government's track record on this. To be honest, the interventions that we've undertaken in this space to support our major industrials have been extraordinary, probably unprecedented in recent decades, and we're seeing that kind of intervention around Australia at the moment. These businesses are substantially challenged for a range of different reasons. They are not all energy. In fact, most of them are matters that are unrelated to energy. They relate to market, they relate to market distortion, global conflict, global corporate collapse, a range of different challenges. Even in the case of, for example, Boyer, the changes to the consumption of newsprint in, particularly, Australia, but in other markets that they have here in South-East Asia and the Asia-Pacific, there are a range of different challenges that these businesses need to work through.

That's part of the reason why Industry Minister Tim Ayres and myself spoke about the fact that the deal with Bell Bay Aluminium was actually an industry deal rather than an energy deal. It relates to the London Metals Exchange prices for aluminium, because that is one of the key drivers of success for that business, so we've obviously -

CHAIR - I want to move on.

Ms FINLAY - Sorry, I have one other question coming out of that answer. You're in front of the Energy Matters Committee, Minister, so the questions and answers are around energy. Speaking to Boyer, how progressed is the agreement for Boyer to receive the 45 megawatts of energy that they require to electrify their coal-fired boiler?

Mr ELLIS - I'm appearing before the Energy Committee, but I'm the Business and Industry Minister, so we have the OCG with us and we'll do our best to assist the Committee on matters that relate to my portfolio. In terms of Boyer and their negotiations with Hydro, we don't obviously have the Hydro team here in the room with us. But more broadly, the

Government's very engaged with Boyer. We extended a loan for working capital and we're continuing to engage with the federal government on the electrification project that Boyer are working through. So, we're engaged in a whole range of different ways. As I mentioned before, that business is going through substantial change because of the change in consumption patterns of consumers here in Australia and in the Asia-Pacific as it relates to newsprint.

Ms FINLAY - Thanks, Minister. You can stop talking.

CHAIR - We don't need to repeat all that, Minister. I'll go to Casey.

Mr HISCUTT - Thank you. Two questions that I had - just one in relation to that dashboard, and thank you for pointing us in that direction. Under the AI infrastructure, it has the project pipeline investment at about $20 billion. Does that include Firmus's investments in that? Or is this post-Firmus?

Mr BENNETT - It includes some of Firmus's projects, but it doesn't include Launceston, because that has achieved milestones to be considered investment facilitated, which is then put as part of our reporting through the new report.

Mr HISCUTT - We heard evidence yesterday that Firmus - and I believe this is correct, say that their operations alone would create about 200 ongoing jobs in Tasmania. The dashboard here has about $20 billion of investment, which is clearly them or some of their portfolio, plus others; but a total estimated ongoing direct FTE at only 139. Can you explain any discrepancy between those two pieces of evidence?

Mr BENNETT - As I just explained, the Launceston project's not included in that one. We also don't have detailed information on all of the projects within the pipeline in regards to the number of jobs that are associated with each of those. We do have for those that are more well developed, but not for some of those that are in the earlier conceptual stages.

Mr HENDRIKS - If it helps, our understanding is that the Firmus project, that 200 jobs is what we've been told as well. We believe that's probably about right.

Mr HISCUTT - From that, I guess the Launceston one would be about half of their total wattage - it depends where the jobs are - or less than?

Mr BENNETT – 104. 104 of 400. So, a quarter.

Mr HISCUTT - So, 104 out of 400, which would be 50 jobs, potentially. It depends where they base their jobs, but 50 jobs out of 200 jobs, recognising they're an estimate. But those numbers don't seem to add up. It might be worth relooking at those.

Mr BENNETT - I would also note that those numbers are taken at a point in time. Those numbers are taken as of 30 June, as what we knew then. As Dennis mentioned earlier, they are dynamic, they do change, and we will be updating those as we're provided more detail and information.

Mr HISCUTT - How often does that update happen, it being November, or nearly, middle of October? How often are they updated, those figures?

Mr HENDRIKS - I think we talked about updating it roughly every six months, thereabouts.

Mr ELLIS - I'll just double-check, Mr Hiscutt, I think - just to clarify, it was clear what Dave was saying, that when a project reaches the stage that the St Leonards project is, the jobs number will drop off the dashboard, is that correct? Because it's facilitated. The numbers won't add up because that jobs number is actually in another, effectively, part of the data report.

CHAIR - Where is that data, because I can't find that either? The 200 jobs that Casey's referring to for Firmus, where are they?

Mr BENNETT - In the dashboard, under -

Mr HENDRINKS- They wouldn't show in the dashboard.

Mr BENNETT - Casey's referring to the ones under the AI infrastructure and data.

Mr HISCUTT - I think Ruth is asking do you track where they go afterwards? After it finishes off the pipeline, does it get reported?

CHAIR - Where is it reported then? Is that in your annual report or the budget papers? Where is that?

Mr BENNETT - That goes into the annual report numbers in regards to our investment facilitator figures.

Mr HISCUTT - Thanks, Minister, for the clarification. I still think those numbers, based off that amount, don't quite stack up, so it'll be interesting to see your next update from that, hopefully in the next month or two.

Obviously, we've talked a lot about AI data centres as major energy users in Tasmania and into the future, and there's $20 billion in the pipeline there. But there's also $2.5 billion in manufacturing and $20 billion in energy and resource. What is on the horizon for other industries? We had all this focus on AI and data centres taking power and potentially using power. You said about 800 megawatts, potentially, in that future. What other industries, are there major projects on the go that we need to be aware of that may also be major energy users in Tasmania?

Mr HENDRIKS - Certainly. As I noted earlier there's probably, in terms of energy-intensive projects, we've probably got, I think we would say there's probably around 20-odd projects that we would classify as very energy-intensive. A lot of those are - some are mining, some are hydrogen projects, there's some manufacturing projects in there. Most of those are public projects, for instance, HIF, Bell Bay Powerfuels, certainly Beaconsfield, yeah.

Mr HISCUTT - So taking a holistic view, we talked about 800 megawatts of potential AI into the future. What would you estimate, if you had that data, is the potential megawatt usage for all of the things that are in the pipeline, recognizing that not all of them will go ahead? They are only pipeline projects, but what is the potential for Tasmania, both in a positive, but to manage?

Mr HENDRIKS - Sure, it's really hard because if you added up every single project that we were aware of, you could be looking at it may be up to two gig. But the reality is that will never happen. It's really difficult to actually say with any certainty as to which projects will or won't happen, and also the timing around those projects will be so different.

Mr HISCUTT - Do you track a likelihood? Do you have a sort of risk on each of the projects; you think this one is likely to proceed or this one is unlikely to proceed? Is that something you track?

Mr HENDRIKS - I don't think we track a likelihood. We do track what stage they're at; whether it's concept or feasibility, or where it is in the chain. Obviously, the further down the chain they get, the more likely it is that they will come to fruition. We do have a list that we maintain, investment facilitated, for instance, which is very different to our pipeline. Investment facilitated, to get onto that list, essentially, a project has to get to a point where there is a much greater degree of certainty. They might have a development application or they might have obtained finance, or something that's pretty significant that actually means that it is way more likely. Whereas the project pipeline is far more uncertain.

Mr HISCUTT - I guess the question is more in a risk management perspective on where you put your resources. If you know something is more likely to achieve, you put more resources into assisting that, versus one that you're like, 'Oh, this one's never been in Australia before, they're just talking', whether you don't put as much. Do you manage that in any way, or not?

Mr HENDRIKS - Yes, we would manage that. We would triage any inquiry that we get and, certainly, those aspects would be taken into account. How we deal with someone would, I suppose, be determined by a whole heap of factors including, as you say, likelihood of it actually getting up, but also our existing ability to even resource some of those things.

Mr HISCUTT - Is that management at a policy level or just at an individual project level? How is that actually -

Mr HENDRIKS - That's largely managed in-house, so within the OCG we'll manage that resourcing.

Ms OGILVIE - Good morning, everybody. Lovely to see you all. I'm interested in your views and perhaps if you can share some information in relation to the sectoral economic development opportunity that exists with the tech sector underpinned by data centres. If you could touch on particularly subsea cable and also, I think, the duration of the planning for the data-centre attraction strategy and just give us a bit of an overview. I think that might be good to have on the record and help for context for those who might be listening.

Mr ELLIS - Thanks, Ms Ogilvie. I really appreciate all of the extraordinary work that you've done in this space in your time, including when you were in, before parliament, as well. I know your deep sectoral engagement in this space. You're right, there are certainly huge flow-on opportunities from data-centre infrastructure development as well. The capacity to have access to high-performance compute here on the island can have a range of flow-on effects for these kinds of technology clusters that can build up around data centres and the compute that is potentially available on the island.

The fact that the subsea telecommunications cable or data cable proposal has been able to be drawn forward through this kind of development is really encouraging. I think it shows again that it's a bit of a mistake to think of the economy as a zero-sum game. When we have people that seek to invest in our state and continue to diversify our economy, that actually provides a range of flow-on benefits. When you look at, for example, major industrials and data centres, they're very much - or heavy industry and data centres, they're very much closely interlinked. A lot of our major industrials are seeing increased demand because of data centre development. And a lot of our data centre and AI capacity is important for major industrials that they remain at the forefront of competitiveness in the global export markets that they participate in. I might pass to the team from the OCG or Mike, if you have any further reflections in terms of that broader indirect tech sector benefits.

Mr MOGRIDGE - I think just to add to your point, you've broadly identified that this provides an economic benefit that goes beyond the data centre itself. When we're thinking about the portfolio of opportunities for Tasmania, we're also contemplating the new skills that it can bring on-island in relation to advanced technologies which might support, for example, bringing forward renewables. I think it's fair to say that data centres are a means through which we can also look to unlock renewables on-island. The high-performance compute point, I think it's also worth noting that that is a shared benefit across Tasmania, through the Bernacchi cable or otherwise. Having that opportunity to explore the broader strategic interests of the state, including the partnerships we might have with our tertiary institutions, or otherwise, to ensure that we're continuing to increase productivity, we're continuing to think about our secondary economies that can benefit from that, is an important consideration for when we're thinking about the broader opportunity to data centres.

Ms OGILVIE - I have a second question, something for the OCG to answer. We've heard a lot of commentary around the ostensibly low number of jobs that people actually might work in the data centres, and we're hearing from Russell Kelly later today. What I'm interested in knowing, and I think Mike's just touched on it a little bit there, I've always argued that there's a broader ecosystem of development via the innovation, particularly the innovation model and sectors. I suspect Dennis might be able to assist.

CHAIR - So, the question?

Ms OGILVIE - The question is around the jobs issue and economic development, small businesses.

Mr HENDRIKS - Certainly -

CHAIR - So it's the downstream jobs, you're talking about, yes?

Ms OGILVIE - We refer to it as the ecosystem, rather than downstream. The language is different, but connected.

CHAIR - As long as we know what the question is.

Ms OGILVIE - I think Dennis knows. I can see him nodding.

Mr HENDRIKS - I can try. I suppose we are at a relatively early stage in this journey. I keep thinking back to 2017, 2018. I haven't, like, there was a period of quite a few years where

I wasn't with the OCG, but I was actually with the OCG back in, I think, 2017 for a short time, when the data-centre attraction strategy and stuff was looked at. There was some work done, I remember, back then, to look at what the economic benefits and flow-ons. And some of that work identified that, particularly in geographical locations and jurisdictions that support that activity, there was certainly potential around possible clustering and other activities.

Now, saying all of that back then, one thing we weren't aware of is - AI basically was largely a fictional movie, and 50 megabytes was seen as a hyperscale data centre. It was a completely different environment. We would expect to see, I suppose, and hope to see some significant flow-ons from the location, even in terms of investor attractiveness for the state. Certainly, when we think about some of the potential benefits that might flow from Firmus-like activity, an AI data centre, we think that it will have and, potentially, enhance Tasmania's reputation and appeal for other emerging technology activities, not just AI data centres and data centres generally, but other activities.

Certainly, we are aware that Firmus have had a number of conversations with the University of Tasmania. I think that they've had some conversations in relation to TAFE around skills development and others. But I think there is also some interest from existing tech companies in Tasmania. That includes potentially within the startup scene around Firmus's activity and how they might be able to collaborate in relation to unlocking some of that capacity that doesn't readily exist otherwise.

CHAIR - Can I just follow up with your data centre attraction strategy? That was written in 2018. You can't tell how often your website's updated. I'm wondering why, since that time, since there's been quite a bit of movement, that there hasn't been an obvious update to that? That's the first question. Second question: are you responsible for the TasInvest documentation as well? Does that come out of the Office of the Coordinator-General?

Mr BENNETT - TasInvest, yes.

CHAIR - Okay. I've looked at a number of those and some of those date back to 2019 when Mr Ferguson was then Minister for State Growth, and some of the renewable energy ones before Mr Duigan became the Minister for Energy and Renewables. This was a criticism on the expression of interest for tourism operations. It seems to be a similar problem. Why haven't these things been updated to reflect the current situation?

Mr HENDRIKS - It's a fair question, Chair. Look, it's certainly something that I think we probably need to do more of. There is a resourcing component to some of that, I suppose, and it's something that we absolutely need to take on board. I would add that a lot -

CHAIR - Can we expect to see more updated information? This is very dated: 2018.

Mr HENDRIKS - I suppose, Chair, one thing that I would say is, I mean, the OCG along with, I suppose, other areas within government are about to undergo a fundamental change in the way that we're structured and coming together with other units. That, in itself, will lead to a significant change and we will use that opportunity to try and bring a lot of these things up to date. My guess is there will be a substantial refresh of everything.

CHAIR - Will there be consideration given to making some of this more visible to the public, particularly where, going back to Vica's point, your office is assisting people with

looking at site selection, which may relate to some of those local regional plans, the TasInvest documents that are dated, that identify industrial areas and the connection with rail, road, whatever - energy infrastructure, potentially. Will there be any formal commitment to actually make it a bit more visible as to what's going on and where people, perhaps, can be better informed of what's being considered in this state?

Mr HENDRIKS - Certainly, within the EDIS and certainly within the last - the Auditor-General's support into the OCG, there was a conversation around a lot of things, including our reporting framework and KPIs, and all the rest of it. We are still focused on making sure that those things are undertaken and that they recognise that prioritisation and transparency as best we can. That's work that we'll do in conjunction with others over coming months.

Mr BAYLEY - To the Minister, I'm interested in the statement of expectations. Obviously, it's a draft statement. Consultation's closed. I'm interested in the timeline on that, and the position in relation to ensuring that these expectations and guidance are actually put into regulations or legislation. The draft statement of expectations says it's to provide clear and predictable guidance to proponents and a range of other stakeholders. The question is, what happens if they don't adhere to that guidance? It's a very strong view of many in the community that these should be enshrined in regulation or legislation. So, timelines on delivery of the statement of expectation and the position in relation to regulation and legislating that?

Mr ELLIS - We're working through the submissions that we've received. We expect to be releasing the finalised document reasonably soon. I think the Premier's given an indication already, including with the Local Community Benefit Fund, that the work is progressing along and substantially complete. We're looking forward to releasing that relatively soon.

Obviously, we think that there's some benefit in providing a kind of an expectation for the community and for proponents about data centre developments that maybe perhaps clarify some things in the process. For example, Tasmania has a range of different laws and regulations when it comes to planning and environmental matters. So, in that space, there are actually already laws and regulations that relate to the process and it's important for people to understand what the process is, because for many people this might be the first time that they're engaged in matters relating to planning, for example, and that typically happens when developments happen relatively near people.

Mr BAYLEY - Can I ask you, Minister, is there a law or regulation that ensures that data centres source their power from on-island renewable energy developments?

Mr ELLIS - Obviously, we're still working through the documents, so looking forward to updating you when we get to that point, Mr Bayley.

Mr BAYLEY - Just to be clear, Minister, there isn't, is there? There's no law or regulation -

CHAIR - Currently.

Mr BAYLEY - Currently that mandates that one of these data centres needs to get their energy from on-island, is there?

Mr ELLIS - Look, I'm sure the Energy Minister could potentially update you on that. I'm happy to take it on notice, unless Mr Mogridge, there's anything that you wanted to share while we're here?

Mr MOGRIDGE - Nothing particularly material, Minister, except to observe we will be looking through those submissions and we will be framing an understanding of what is our regulatory framework, how does it apply to data centres, and to what extent is there a deficiency, and obviously we need to work through that in a transparent matter. So, once we've looked through those submissions, I think we'll have a clearer understanding of the feedback and also what we might do with the next steps with the final statement of expectations.

Mr BAYLEY - And, Minister, is it the government's expectation that these expectations apply retrospectively to Firmus's St Leonards and Wesley Vale developments?

Mr ELLIS - Yes, as I say, we're working through the development on these. It's probably important to note that many of the expectations are already, broadly speaking, Firmus policy. So, we've spoken about Firmus's desire to bring on additional generation capacity to match and exceed what they are requiring themselves and, indeed, when you look at, say, for example, our policy that's been really clear - we want data centre proponents to pay their way when it comes to infrastructure for water and energy, which really are kind of the two big policy questions when it comes to data centres.

Water perhaps not so much in the case of Firmus because of the particular technology that they deploy, but still relevant for a range of different data centre proponents. And that's broadly aligned with what a lot of data centre proponents are coming to us and saying that they will be looking do, as well. So, Firmus are probably the ones who are most -

Mr BAYLEY - Can I just clarify - so you're saying that you can't confirm at this point that these will apply retrospectively to Firmus's approved developments?

Mr ELLIS - So, Mr Bayley, what I keep saying to you is we'll release the AI data centre statements of expectations when we release them, and you'll be able to take a look at it then. I'm not going to release them to this Committee today, but I appreciate the opportunity to continue working with members of parliament on this.

What I would say, or what I would repeat, is that Firmus, as probably the most advanced large-scale data centre proponent here in Tasmania is already tracking well against a lot of these expectations and we'll continue to work through that and looking forward to releasing those expectations very soon.

Mr BAYLEY - I guess that's the question, Minister: what took so long to develop these expectations, and was it in order to give Firmus a free ride in these early years? And I guess the subsequent question to that is in relation to the Premier's statement of last year, announcing an AI factory zone: what is an AI factory zone? Does it exist and does it have any status?

Mr ELLIS - So, obviously, as I mentioned before, Mr Bayley, largely speaking Firmus line up pretty well with a lot of the statement of expectations in draft, so I'm not really too sure what the conspiracy you're angling at there is, but in terms of the development for AI, broadly speaking across the north, there are some great opportunities for AI data centre infrastructure to be well-located near substantial transmission. If you look at the sites that Firmus have chosen

at St Leonards, it's right next to an industrial substation in an industrial precinct. If you look at the site -

Ms FINLAY - Right next to houses.

Mr ELLIS - Well, Ms Finlay, I don't know if you've been there, but it's in an industrial area and -

Ms FINLAY - It's over the road from houses, Minister, across the river from houses. It's in a housing area. It might be zoned for light industrial.

Mr ELLIS - It's in an industrial area, Ms Finlay. Now, many of the communities that -

Ms FINLAY - It's a long way from home. I haven't been there.

CHAIR - Let's not argue about it.

Mr BAYLEY - Can I ask you, does an 'AI factory zone' exist? Does it have a status? What does it mean? It's over a year since the Premier announced it.

Ms OGILVIE - Chair, I am seeking a call.

Ms FINLAY - No, I have the call next.

Ms OGILVIE - Well, it seems to be a round table.

Mr ELLIS - I can answer if you would like me to answer it.

CHAIR - Is there a clear AI data infrastructure zone?

Mr ELLIS - Yes. So, as I mentioned before, there are particular locations, and the other one is obviously Bell Bay, where there's substantial transmission that exists, and part of the reason why the development was proposed -

CHAIR - Minister, can I interrupt, please? We've heard this. The question was: is there an actual AI data infrastructure zone, as you referred to a moment ago - and what is it?

Mr ELLIS - There's not a planning layer, but certainly there are locations that are very well suited to AI infrastructure. If you look at, as I mentioned, the areas around Bell Bay that have substantial transmission and good sites for -

CHAIR - No, I don't need you to go down that path. We've already done that.

Mr BAYLEY - It was announced as world-leading.

CHAIR - Can I just ask one question to clarify a point, Minister. You talked about, and following on from Vica's question a bit about new renewable, how do you define 'new renewable on-island generation'?

Mr ELLIS - Look, I suppose there's a broad working definition. In terms of the proposal, in terms of generation, I'm sure that the team from ReCFIT could provide a more technical definition, but certainly our expectation is drawing through new renewable projects. A good working example would be if they built a wind farm. I think that's a reasonable example. I don't know, Mr Mogridge, if there's any kind of, you know, further information that we -

CHAIR - Can I clarify, I just want to know at what point it's considered new? Is it new because it hasn't been proposed, it hasn't been through a DA? Or it is new, it's been through a DA, it's got its approvals or, you know, pretty well progressed down that path when the intention is to actually build it? Is it new ones that come in? Not like Whaleback Ridge, not like Robbins Island, not like the northern Midlands solar farm. Are they new? Would they be considered new or are we talking about other new?

Mr ELLIS - Obviously, those projects don't physically exist currently so, you know, when they are built, they would be new. But I'll just look to the team if there's any clarification that we can provide to the Committee, unless we're getting caught up in semantics a bit here?

Mr MOGRIDGE - Minister, I think I'd sort of be speculating on how we might want to define 'new renewables' in that respect, but I think you probably canvassed the point generally and potentially in certain circumstances with, you know, data centres, but their existence, perhaps some of those renewables would not come online but, again, I'm mindful I'm somewhat speculating in a domain outside of my portfolio.

CHAIR - This may be a question for the Minister for Energy, and I'm happy to put it to him as well. Some of those that we've already talked about were contemplated in the whole-of-state business case for Marinus Link. How does that then impact the modelling and everything that's gone into the whole-of-state business case - which was a whole-of-state thing, not just the Minister for Energy's role? How does that impact on that if these are now considered to be part of supporting an AI data centre's energy needs, as opposed to enabling a financial profitability that Hydro's modelled based on it being available for sale, potentially?

Mr ELLIS - Yeah, look, happy to take that on notice, Chair, but to reiterate Mr Mogridge's point, the fact that we have an industrial proponent that's capable of large consumption of electricity that's willing to pay the commercial price that's required to draw through variable renewable energy developments is a good thing when it comes to those renewable energy proponents. Many of them have had concept but need customers -

CHAIR - The question was around the impact on the whole-of-state business case, Minister. That's what my question relates to.

Mr ELLIS - Yes, and I responded to that by saying I'm happy to take it on notice.

CHAIR - Okay. I'll go to Janie, if you're unable to answer it.

Ms FINLAY - Minister, what modelling has been done about the impacts on the overall Tasmanian economy about the mismatching between new generation not being available before extra load goes into the network? As these large loads enter the network, generation takes time to build and deliver. What modelling has been done on the implications of the load and generation not ramping up in a matched way?

Mr ELLIS - Look, obviously we don't have the team from ReCFIT here, but happy to check with our officials - I'm not the Treasurer either, but happy to check with our officials if there's anything in particular you want to add or we can take it on notice.

Mr MOGRIDGE - Minister, I think we're fairly and squarely in the domain of Minister Duigan and ReCFIT's expertise.

Ms FINLAY - So you're happy to take that on notice, Minister?

Mr ELLIS - Yeah, I think I just said that already.

Ms FINLAY - I'm just confirming for the minutes of the Committee, thank you.

I've got two questions about what formal agreements has the government been able to execute to allocate capacity from the cable for Tasmanian use. What percentage of the cable capacity will be formally available -

Mr ELLIS - Which cable in particular?

CHAIR - Marinus Link.

Ms FINLAY - The new Bernacchi cable.

Mr ELLIS - It's a private development still under discussion, so it's probably too early at that stage, but I understand Firmus indicated that there would be surplus capacity potentially from it. I'll just look to the team.

Mr HENDRIKS - We haven't had any conversations around the Bernacchi rather than with Firmus, who have indicated that there is going to be some additional capacity available.

Ms FINLAY - Has there been any indication of how much?

Mr HENDRIKS - No.

Ms FINLAY - Are the government actively seeking to enter into agreements with Firmus about ensuring that there can be a carved-out capacity for Tasmanians?

Mr ELLIS - I mean, obviously, Marinus Link has a substantial telecommunications capability uplift. I think I'm right in saying it's about a 1500 times increase in capacity, so quite extraordinary development. Correct me if I'm wrong there with that very large number, but certainly it's a substantial increase. That's, broadly speaking, capacity that we're bringing online. There's a range of different businesses and organisations across Tasmania that require those kind of telecommunication –

Ms FINLAY - My question is specifically: is the government actively seeking an agreement with Firmus about a percentage of capacity for Tasmanians?

Mr ELLIS - Look, it'd be a matter we can consider, I'm sure. As I mentioned, the substantial uplift that we're seeing in telecommunications capacity through Marinus Link is certainly our current focus. This is a private development, but -

Ms FINLAY - I understand that, Minister, thank you for your answer, the answer being 'no' so far. The final question is: in terms of the compute capacity that will be available, is the government in any formal conversations with Firmus about carving out compute capacity for Tasmanians - as an example, researchers, the university and others. How far progressed are you with that?

Mr ELLIS - I just looked at - we don't have the broader team from State Growth here, but I wonder, Mr Mogridge, whether there's anything that you'd like to add?

Mr MOGRIDGE - I think, Minister, just to note that the statement of expectations and some of the commentary from the Premier are probably signposting that there is ongoing exploration in relation to this issue. I think if you look across the globe and you're dealing with nascent technology and very new developments, there's a range of different processes being explored around how do we strike the balance of being a competitive environment for investment in relation to data centres whilst also making sure that we are having community benefits. I think we need to continue to work through that process and understand exactly what the best outcome for Tasmania looks like, whether that's, you know, protecting sovereign capability. I'm also mindful that there's active discussions at a Commonwealth level in relation to what this might look like. This is a national discussion at this moment which is unfolding sort of as we speak.

Certainly, I think it's front of mind that with any of these developments there is a very significant opportunity for Tasmania. We've already seen that with the discussion around a potential cable opportunity and likewise we'd want to understand what does that sovereign capability look like for Tasmania. Is it protecting a component of the compute? Is it another model? There's various different discussions happening at this juncture, but we're certainly pretty activated to explore them.

Mr ELLIS - I think it'd be fair to say as well that the way that compute and data storage procurement happens across the economy is that many of those businesses and organisations typically secure that themselves through a range of different services. Government wouldn't seek to be kind of the head procurer for the whole economy in terms of these services. It's something that we can continue to work through what the opportunities might look like within government, but then the broader Tasmanian economy as well.

Mr HENDRIKS - Certainly our understanding is that Firmus have had some conversations with the university and have remained very open to talking to other parties who are interested in talking to them about potentially utilising compute.

Ms OGILVIE - Thank you. That was actually the topic I was going to ask about, particularly in relation to the STEM campus or the STEM push, University of Tasmania and its campuses right across the state. Of course, the digital economy can sit anywhere, and training can be shared anywhere. You mentioned, I think it was Dennis mentioned, conversations with the university. I am aware that the - I think this is right - the engineer, the local engineer for Firmus is a UTAS engineering grad and has been engaging with the school of IT and tech. I was wondering if you might expand on what that looks like, what it could look like. Has that progressed at all?

Mr HENDRIKS - Yeah, I probably can't really expand on it as I'm not really across it. We know that there's been a number of conversations with the university on a number of topics, but we haven't been involved in those conversations, so it's a bit hard to sort of expand. There's obviously plenty of opportunity there for the university to sort of obtain some benefit through that compute thing on-island, I would have thought.

Ms OGILVIE - Good. Thank you.

Mr BENNETT - I was just going to say they certainly have got University of Tasmania graduates working within Firmus and, yes, one of their leading - in the engineering space - has been engaging both, and doing presentations to students, as well as engaging with faculty as well.

Ms OGILVIE - Yes, thank you.

Mr HISCUTT - Thank you. My question was in relation to trades training, you know, TAFE and that sort of area. Obviously with major industrials and energy use coming on, how the government is ensuring that Tasmanians are skilled-up for the future in that space - what we can be doing to ensure that those skills are staying in Tasmania and young people are being employed and staying in Tasmania because this boom is happening, and if we get on board and make sure there's continued benefits for Tasmania in the long term?

Mr ELLIS - Thanks, Mr Hiscutt, and, look, I won't be able to speak to the same kind of level of granularity that we usually do on skills, just because we don't have the Skills team here with us. But what I'd say probably at a higher level, is that there are some massive opportunities for us when it comes to trades training here. Now, the opportunities are so large, they potentially will create skills shortages, and the kinds of challenges of growth and opportunity are the ones that we want to have, rather than the challenges of decay and decline. So, in speaking with TAFE and NECA - who's the kind of peak body for our sparkies and telecommunications people - they're certainly forecasting that there will be some major opportunities coming forward here for electrical contractors, but also for apprentices coming through. There's interest from Firmus in taking on a range of different apprentices through these projects. The government's facilitated some meetings between Firmus and NECA in that process. We certainly have made some substantial investments in our clean energy and electrical training here in Tasmania. The Water and Energy Trades Centre of Excellence there in the south is probably one of the best campuses of its kind in the country, if not the best, depending on who you ask, and the -

Ms FINLAY - We say they're best.

Mr ELLIS - Yeah, well, that's the thing. There's certainly a lot of people from around Australia that think it's the best as well, and we've got the north-west Clean Energy Centre of Excellence as well that we're in the process of developing with TasTAFE and a range of industry partners based in the north-west coast as well. NECA we've also been working closely with as part of our High-Vis Army project to help uplift their capacity. They are a registered training organisation and a group training organisation, too, and have been developing apprentices through the system, including with a range of different groups who maybe have not seen traditional trades as a pathway for them - a lot of young women coming through the trade, and others. So, working closely with industry and TAFE and other registered training organisations, so that we can continue to uplift that capacity, will be important. I've spoken a

lot about sparkies - there are, of course, HVAC technicians. There'll also be some big opportunities, too, when it comes to tech sector training, too, because as we mentioned before, there's a range of potential flow-on impacts for indirect jobs. Ms Ogilvie mentioned the ecosystem, and that's exactly right. In many ways, a lot of the training that's required for people working the tech sector is actually vocational. As things are moving so quickly, the vocational sector, training sector is quite well placed to be able to adapt and change to the kind of training that people might need to get a start and then get work through these kind of exciting developments.

Happy to take on notice if there are some specifics that you'd like to, given that we don't have the Skills Tasmania team here with us, but hopefully that gives you a bit of a higher-level picture.

Mr BAYLEY - I'll be quick, just important to put on the record that I think taxpayer funds $80-odd thousand was given to Firmus and UTAS to actually facilitate some of those conversations, as I understand it.

My question really again goes back to the statement of expectations and Sheffield. We've been contacted this week by locals in Nook, near Sheffield. They've been contacted by a Sydney consultancy firm wanting to purchase, my understanding is, agricultural land adjacent to the substation there, recently upgraded because it's part of the North West Transmission line - and allegedly for a large data centre. The question is can you tell us anything about this proposal? Does the OCG know about this? Who's behind it? How big is it proposed to be?

Mr HENDRIKS - There's probably not a lot I can actually say about that. We are aware that there is a proposal sort of in the north-west that is moving forward. It's in an early-stage development. We've made some introductions to the planning authority.

Mr BAYLEY - Is that one of the six that was tabled in parliament?

Mr HENDRIKS - Yes.

Mr BAYLEY - Which one is it?

Mr HENDRIKS - It is Project 2.

Mr BAYLEY - Project B?

Mr HENDRIKS - Project B, yeah, maybe.

Mr BAYLEY - So a 200 to 300 megawatt development - that's a significant development. That's on scale with the Firmus Long Reach proposal. Do you think it's appropriate that locals hear about this first in being approached to purchase their land via a Sydney consultancy firm - given the expectations and the guidance around early engagement, early consultation - is the first and the best engagement from someone touting to buy their land?

Mr HENDRIKS - Certainly we only have a very limited amount of information about that particular project. It would be very hard and difficult for us to really make any comment around the project given where it's at.

Ms FINLAY - Would you say that agricultural land is an appropriate land use for -

Mr BAYLEY - Who's the proponent?

Mr HENDRIKS - I really don't know that I'm at liberty to say.

Mr BAYLEY - Could you take that on notice?

Mr HENDRIKS - Yes.

CHAIR - If confidentiality is required, you can provide it to the Committee in confidence.

Mr HENDRIKS - Sure.

Mr BAYLEY - Can you confirm that it's agricultural land, and has the OCG pointed this developer at this land because of its proximity to the substation?

Mr HENDRIKS - We didn't point this developer to this land, as to the best of my knowledge.

Ms FINLAY - Minister, would the government feel that it was appropriate for AI infrastructure to be located on agricultural land?

Mr ELLIS - In terms of locations, generally speaking, people are looking to be located nearby to substantial transmission and these substations -

Ms FINLAY - That's not the question, Minister. The question is specifically about AI infrastructure being located on agricultural land. Would the government see that that was appropriate?

Mr ELLIS - I mean there's a range of different zoning opportunities there. I'm happy to take on notice that specifics of it. What I'd say more broadly is generally speaking these proponents are seeking to be near electrical transmission and substations. That's typically what we've seen in developments around the state and there's a major, obviously, energy generation and transmission capacity in that location as well. That's part of the reason why we see the substantial upgrades that are going through as part of the North West Transmission Developments process.

Mr BAYLEY - Do the OCG in your guidance, after being contacted by this proponent and this Sydney consultancy, have you told them that it's the OCG's view that prime agricultural land is an inappropriate zoning and inappropriate land for a data centre?

Mr HENDRIKS - We made introductions between that proponent and the local planning authority to have discussions around those elements.

Mr BAYLEY - But have you given them any guidance around the status of that land and perhaps that prime agricultural land should be kept as prime agricultural land and is not suitable for an industrial development?

Mr HENDRIKS - I haven't directly spoken to those proponents but as I understand it, we've made it quite clear around, I suppose, where we've steered other AI data centre proponents but we really - it's up to project proponents as to sort of how they take their projects forward. We can provide some guidance but, ultimately, it's their project.

Mr BAYLEY - Have you provided this particular developer guidance around alternative sites that the OCG or the government believes is more appropriate for a data centre?

Mr HENDRIKS - I would have to take that on notice.

Mr BAYLEY - Minister -

CHAIR - Will you take that on notice?

Mr BAYLEY - Can you take that on notice?

Mr ELLIS - Yes.

Mr BAYLEY - Thanks. Minister, I guess is this a case where guidance alone is not enough in your statement of expectations and there should be some clear guardrails and some clear regulatory or statutory direction and guardrails around these developers, so that they can't ignore advice and they are forced into making sure that their decisions are appropriate scale, appropriate location and appropriately consulted in the Tasmanian community?

Mr ELLIS - There's a statutory planning process and environmental regulation and legislation, as I'm sure you're well aware, Mr Bayley, so all proponents would be required to work through those processes in the usual way that comes on for new developments.

Mr BAYLEY - But not all of these issues are captured in this planning process. Energy use, for example, and the sourcing of energy isn't a consideration of the planning process.

Mr ELLIS - Well, we have a protection of agricultural land planning policy and a range of different land-use planning policies - the *Land Use Planning and Approvals Act* and obviously a range of different environmental legislation as well, so there'd be a planning process to go through in the usual way.

Mr BAYLEY - And do you, Minister, think that agricultural land would be a good use for a data centre?

Mr ELLIS - Well, look, as I mentioned before, there's a statutory planning process that they need to go through, so I'm not going to pre-empt any planning processes here with the Committee.

Mr BAYLEY - And do you know the time -

CHAIR - We're out of time.

Mr BAYLEY - Just one last one - is the timeframe on that particular project to the OCG?

Mr HENDRIKS - We would classify that at a very early stage of inquiry.

Mr BAYLEY - Meaning, how long have you known about it?

Mr HENDRIKS - I'm not sure - several months.

Mr BAYLEY - Are you talking to the actual developer or are you talking to this Sydney consultant that's seeking to buy land? Who are you actually communicating with?

Mr HENDRIKS - We will be talking to the developer, I'm, yeah.

CHAIR - We might just ask you to clarify these points if there's any uncertainty.

Mr ELLIS - Sorry, Chair, David, did you want to jump in?

Mr HENDRIKS - Sure. We might take that on notice and come back with more detail.

Mr BAYLEY - Thanks, I appreciate that.

CHAIR - We'll get you to come back with more detail about when you first engaged with them, what's your engagement been and any other matters that have been raised.

We're out of time so thank you Minister and your team for appearing before the Committee. We will write to you at a later time with the follow-up questions and, obviously, redirect some of them to the Minister for Energy, so thank you.

The Committee suspended from 10.19 a.m. to 11.45 a.m.

TasICT

CHAIR - Thank you, Mr Kelly, for appearing before the Energy Matters Committee. We've taken a slightly different, sharper focus after deliberating on a range of other matters previously. This one particularly looks at the energy requirements of major industry and new load, which includes AI data centres and infrastructure, as well as the role of government businesses. Now, I appreciate you won't be able to speak on all of those sorts of things, but we do appreciate the fact you've provided a quite comprehensive submission. Thank you for that, that's really helpful.

I will do the formal introduction. This is a public hearing. Everything you say is covered by parliamentary privilege. That may not be the case beyond the hearing. If you did wish to raise anything of a confidential nature, you could make that request to the Committee. Otherwise, it is all public. It's being broadcast and we are being transcribed to form part of our parliamentary records for our further reporting purposes. Do you have any questions before we start?

Mr KELLY - No.

CHAIR - I will invite you to take the statutory declaration and then introduce yourself and if you wish to speak further to your submission, you are very welcome to do so.

Mr RUSSELL KELLY, CHIEF EXECUTIVE OFFICER, TasICT, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Thank you.

Mr KELLY - Thank you for the opportunity to appear in front of today's hearing. TasICT is the peak body for Tasmania's information, communications and technology sector. The sector is made up of - covers 10,800, approximately, employees in Tasmania and contributes $1.3 billion to the gross state product annually. And, TasICT, as a peak body, has actually been in existence for over 28 years now. It began under the Rundle government in the Intelligent Isle funding back in the late '90s in a minority parliament not dissimilar to the one that we have now, and the thought process behind the formation of TasICT was that there was a belief at the time that technology, the brains-based industries of the future, were not adequately represented in Tasmania and that Tasmania needed to think about what kind of mix of industries it needed to attract in the long term to provide a different range of jobs for Tasmanians to move away from resource-extracting industries and to have a mix of higher value, higher productive jobs that could provide a wider economic base for Tasmania in the future.

Here we are 29 years later, and we are at this cusp in history where a large industry is seeking to move to Tasmania, which in some respects is different to the kinds of industries we've had before and, in some respects, potentially, has similarities with some of the large electricity users that we've had before. Tasmania stands at this decision to try to set the right framework for ensuring that we can get and gather the benefits of a highly productive economy, create new kinds of jobs on island; whilst, with wisdom, avoiding the traps of giving away our resources, for example, without putting in place proper guardrails. So, it's taken a long time for this vision to arrive, nearly 30 years, and it is a moment in history where Tasmania can think about what kind of future it wants and what kinds of jobs it creates on island.

In terms of our submission, this is an Energy Matters inquiry, so we're focused today on what kind of energy industry is an AI data centre, and we've made some points in our submission about that. I am also happy to talk in more general terms about community benefit from AI data centres and what the sector, in particular, would be hoping we could build into the rules and guardrails around AI data centres.

I should be clear about our membership. Some of our members are data centre businesses, some of our members are in the electrical trades and support the development of data centres. Of course, our entire membership is made up of individuals and companies that are in the ancillary industries to technology. Firmus Technologies is not a member of TasICT. We're a democratic organisation. We're a not-for-profit. The members of our management committee are voted by their peers onto the committee and we have a policy formulation process. The policy that we bring to the hearing today is one that's been through our subcommittees and approved by our committee. It's representative of the membership of TasICT.

This year, incidentally, for example, we annually survey our members about their attitudes to current topics. Two out of three of our members are in favour of AI data centres with conditions; and one out of three of our members have reservations about data centres. If data centres are to go ahead, we should, as a state, be extracting maximum public value from that commitment.

Our policy position is in our submission, there for the Committee's reference. In a nutshell, what it proposes is that the tech sector in Tasmania supports AI data centres with conditions. We support the responsible development of AI data centres where projects show clear public value. Data centres should be environmentally and economically sustainable for Tasmania. The support of the sector towards AI data centres depends on the benefits that they bring being known at the outset; that those benefits are binding, measurable and enforceable; and that they continue with that use if the project is sold, onsold, or the project is changed.

From our submission, in particular around energy matters, we note that AI data centres are a new kind of load. The way the energy is used is driven by electronics. Its demand follows the workload, and the projects are built in modules. The behaviour of an AI data centre on the grid should be agreed before capacity is committed. The timing matters. A data centre hall can be built in about two years, while new generation takes much longer. Capacity should be released in stages as new generation is actually delivered; and capacity that is held but not used should expire.

Third, these are technology developments, so they should build Tasmania's technology sector. That's a very strong point of difference that TasICT and the tech sector can provide to the hearing. It would be very easy to provide a green light to a development, but it would have very few benefits beyond that campus. As I go back to the initial statement that I made on behalf of the industry, we see this as a watershed moment where there is an opportunity for the tech sector to become visible, more visible in Tasmania, and to provide career opportunities to a greater extent and increase the state's productivity of the workforce. But it needs to be a deliberate decision now to extend the benefits of an AI factory development beyond the campus. For that reason, I'm happy to talk about some of the principles of a Local Community Benefit Fund, which TasICT and the sector has been calling for. We're very happy to see that the Tasmanian government is moving in that direction. In fact it's taking off around the country

that these kind of community development funds are becoming the beginning of discussions with proponents. On that note, I could finish those opening comments and take questions.

CHAIR - Thanks for that, Russell. Certainly, the community benefit piece is important but, in setting the right framework, what do you see are the absolutely critical components to that, to the guardrails, and what strength should they have? Should they be legislated? How do we best ensure that - we know that things, unless they're legislated - even if they are legislated, sometimes it's hard to enforce. I'm interested in your views on what the critical components of the guardrails are, and how it should be managed and/or legislated.

Mr KELLY - TasICT is a membership organisation and also a chamber of commerce so, philosophically, we are not in favour of extra regulation for regulation's sake. The position of TasICT is that there should be good-faith negotiation with developers, that the ground rules are there for them to understand how to do business in Tasmania, the very strong requirement for public value, for becoming part of a broader economy and for being a good corporate citizen. Therefore, our suggestion is that good-faith negotiations with developers and writing binding targets and guardrails into those agreements should be sufficient to ensure the benefits.

CHAIR - So, you're saying at an individual project level, not a broad regulatory framework?

Mr KELLY - Yes, that's right, at an individual developer level. In fact, that is the situation that the federal government is currently moving towards. Minister Charlton, when asked about what kind of compute could be made available for broader community, academia, and startups, for example, around a data centre, has favoured at this point that individual agreements could be made with proponents.

CHAIR - I do note in here that you talked about that you would prefer - this is under 'Sustainability of renewables' - prefer land that's already disturbed, follow existing corridors, in identified renewable energy zones, access the whole chain, et cetera. Do you believe there should be dedicated AI infrastructure zones in the state, a bit like a renewable energy zone or something like that, to make it really clear as to where you can and can't build these things?

Mr KELLY - Yes, the sector supports that. These are large campuses that draw a lot of energy and should be considered in the same category as heavy industry and, therefore, should be in heavy industry zones when they are of sufficient size.

CHAIR - What sufficient size?

Mr KELLY - Well, that's still to be determined. I don't think there's a definition about what a large AI data centre is compared to a smaller one but, certainly, there are small data centres. There's already data centres in Tasmania that exist and people don't even know that they're there.

Mr BAYLEY - Do you and TasICT have a view on that threshold?

Mr KELLY - We don't have a definition of what a large data centre is compared to what a small one would be.

CHAIR - In terms of the community benefit, you have touched on that as to how the Australian Government's looking at that a little bit. There's a risk that this is seen as buying a

social licence. How do these things need to be structured to ensure that there is a real measurable, accountable and enforceable, if you like, community benefit that is not seen as buying a social licence?

Mr KELLY - First of all, there's nothing wrong with seeking to get a social licence. I mean, 'social licence' is a term that's used a lot. What does it actually mean? You can't go to the government and get one. No department will stamp one for you.

CHAIR - It's not a PR problem, it's an actual -

Mr KELLY - Yeeah. You can't buy one. All you know is that you don't have one when you don't have one when you don't have one. And so, any proponent should be encouraged to become part of the community it's seeking to get public resources from. TasICT's position on this is that a private investment ought to have a public value. That's quite a different approach to, say, 50 years ago, where a private investment was a matter for the people putting up their own money, to, in fact, have in this modern situation - it's not just Tasmania, it's happening in Wagga. Wagga City Council are going through this. I can give you some more detail on that in a minute. It is actually a recurring conversation now happening in every Australian state: how do we make these developments that have, on the face of it, not a lot of ongoing employment compared to traditional uses of electricity - how do we get that benefit expanded and extended beyond the campus and into the broader community?

CHAIR - That's part of the public benefit test you're talking about, yes?

Mr KELLY - Yes, that's right. So, for a proponent of an AI data centre to acknowledge that it must provide some public benefit is to be encouraged. And I understand that's been accepted by Firmus Technologies, for example, and they're currently doing work on what community benefit they could supply. It, therefore, becomes a really beneficial discussion for the legislature about, well, what are the rules around that? How much money should go into a community benefit fund? Who administers it? Should it be proponent-by-proponent or a general industry fund?

CHAIR - Like a levy or something?

Mr KELLY - Yes. And should it be a lump sum that's expended and gone, or should it be invested and an amount taken out of that perpetual fund to be used in perpetuity for benefit going forward? And what -

CHAIR - Or an ongoing payment or contribution from the private enterprise, yes?

Mr KELLY - Yes, that's right. And, of course, why only AI data centres? Is it also the broader tech industry, or is it - why only technology? Why not other resource-extracting industries? So, where the boundaries are hasn't been decided.

CHAIR - They might argue they pay royalties, but the tech sector don't pay royalties, not at this point.

Mr KELLY - Yes, that's right. That's the point of difference. And so, the fact that these issues are in discussion shows the nature of the fact that this sector is just beginning, and it is

an opportunity to decide the ground rules and get the benefits clearly understood, and the costs, as the industry takes off.

Ms FINLAY - I'm just tracking back into a comment from your opening remarks. I appreciate from TasICT that you have shaped your submission around energy matters. One of the matters that you raised was the matching of load into the network and generation coming on board. There have been confirming statements by previous witnesses, including Firmus, about new generation being on-island, but that timing of the matching of the load in the generation is really important. You've spoken to that in your submission. You've talked about the staging of the campuses as they come online. I'm interested in the conversations that TasICT had about that being reasonable and practical to require the staging of a development of AI infrastructure and the matching of load entering the grid and generation, because you identified the quite different age profiles of that. Can you speak to the Committee a little more about that, please?

Mr KELLY - Yes, so AI data centres are a new kind of industry for Tasmania, and they're constructed in modules and they can be constructed rapidly within two years. The federal government expectations and the state government expectations that are coming through as well are that that energy needs to be bought by the proponent, but it could be up to seven years or longer for that energy to actually come online. So, the tech industry recognises here in Tasmania that to have a social licence, you have to make sure that what you're doing is environmentally sustainable. That's in our principles. It is a false economy to get an approval for anything and find out that you're actually not environmentally sustainable, because the controversy and community discussion will continue for years and years. You need to get that up-front.

And so, the tech sector supports the energy use by AI data centres to be commensurate with what they have set up. It begins in modules, and they should be limited in the amount of energy they're allowed to have. No approvals, and the energy use should come online as the energy becomes available. It's a staged, realistic, risk-managed approach to approvals towards AI data centres,

Ms FINLAY - That could see the slowing down of the implementation of some of these AI infrastructure campuses while they wait for this energy to be brought online. And so TasICT see that that is inappropriate. Great.

Mr KELLY - To be clear, yes, the support for AI data centres from the tech sector in Tasmania is fundamentally that they should be environmentally sustainable. That doesn't mean writing a blank cheque, giving promises for everything that's required and then waiting for the promises to be kept. It should be a risk-based approach, that demand matches the supply. And if that means that Tasmania misses out on opportunities because other states more aggressively roll out the welcome mat to this opportunity, then that is a consequence of getting the rules right at the beginning, rules that the community can support and that can lead to that social licence and remove division from the community about these issues. That's what the tech sector supports.

Ms FINLAY - The concern that I've heard, and is this what you're saying, is that if for instance, diesel generators or gas were used as an interim to support the AI in its initial forms, that wouldn't be as responsible as making sure that the generation is available, new renewable is available?

Mr KELLY - We then get into hypotheticals in the sense that you'd have to know what kind of diesel use is being proposed, how frequently, what the visible and environmental effects are of that. Then a judgement call would have to be made about those proposals. And in passing to say as well, that it's simply not economically sustainable for an AI data centre to operate on diesel. They would be wanting to limit the amount of diesel that they use at all times.

Mr BAYLEY - I have a quick follow-on in relation to this in terms of those guidelines. Trust is relatively low. The diesel generator issue is a case in point. Firmus took a proposal to the council and, as part of its DA got approval and now is appealing that in seeking to increase diesel generators onsite. The question is should that guidance be legislated? How can the community have faith that the government and/or the developer is actually going to follow through on the commitments and the guidance that is written at the moment into a statement of expectations? There's a strong push to have that legislated, in legislation or regulation. Is that what's required from your perspective? You seem pretty strong on the need to properly regulate this and hold things back until there is sufficient energy demonstrated and commissioned, basically.

Mr KELLY - Yeah, TasICT's submission on energy matters is similar in many regards to some of the other submissions that have been received by the Committee. Our submission is that the existing rules and regulations around development are sufficient to provide those conditions upon development, and that bespoke legislation covering the AI data centre industry is not required at this stage.

CHAIR - Which piece of legislation specifically provides that protection?

Mr KELLY - I may not be able to provide the specific legislation, but the existing suite of planning laws and regulations and legislation that already exist for development of this scale.

CHAIR - So under the LUPA Act, there could be conditions put during the DA phase? That's what you're talking about?

Mr KELLY - Yes.

Mr BAYLEY - I guess they haven’t been in the cases that we've got at the moment. So, how does a community insist that they are properly regulated and enforced?

Mr KELLY - Again, I would just go back to the existing legislation. So, it needs to become a very transparent issue during the planning approval stage.

Mr BAYLEY - But what is the problem, in your mind, or in the tech sector's mind, with building into legislation these requirements? They're being put into a statement of expectation, they're being theoretically put into individual companies' energy policies. There's strong commitments to it. Therefore, what is the problem with giving the community the confidence by enshrining it in some kind of statute?

Mr KELLY - It's not a question that we have surveyed our membership around, so I can't be completely explicit about that except to say that, as a chamber of commerce, the general philosophy is that bespoke legislation on one industry is not supported as a general rule, and that a particular single industry shouldn't be singled out.

Mr BAYLEY - They're getting a bespoke levy, it seems.

Mr KELLY - Well, that's because this is a new industry that has, by its own admission, a small ongoing employment contribution and it is willing to provide that broader public benefit.

Mr BAYLEY - But the converse is it's a new industry that has a massive draw, particularly from an energy resource perspective, and it's an industry that is making commitments, the government is making commitments. Again, what is the problem with enshrining that in some kind of legislation or regulation?

Mr KELLY - Well, I think I've answered that question, that, as a chamber of commerce, we're not in favour of bespoke legislation for a particular industry. But certainly -

CHAIR - Mining has very specific legislation. They have the overarching legislation like workplace health and safety, but they also have mining regulation that's very specific. That's a major industry. So, there are sectors that do have their own regulatory frameworks under which to operate.

Mr KELLY - Well, it's certainly open to the parliament. But sitting here as a representative of the tech sector, it's just not within our wheelhouse to go to parliament and say, 'We think you should regulate us'.

Mr BAYLEY - 'Regulate us better'?

Mr KELLY - Yes.

Ms OGILVIE - Firstly, congratulations on a stellar term with TasICT. I think we would all want to wish you well and note the fantastic work that's been done during the duration of your leadership. Thank you.

That was a good segue into the question I want to ask. I have two questions. One's around definitions and the second one is around the subsea cable aspects. Two quite different things. It seems to me that what we're all struggling with is industry that hyper-accelerate globally. It's moving fast, it's innovating fast, things are changing very quickly, and we don't actually have a set of definitions that we've agreed to be able to have the conversation in the sophisticated and refined way we need to have.

For example, talking about a community benefits fund, somebody wants to call it a levy, I want to call it a fund, somebody else thinks it's innovation fund. AI data centres, are they AI factories, data centres? We've got data centres down the road in Sandy Bay. To me, it seems there is some foundational work that we ought to do on agreeing on our language. So, I'd like to put that to you.

The second question is in suggesting in your submissions, or in the industry's submissions, around the balancing between the energy draw and the rollout of data centres. In particular, Firmus is bringing subsea cable. Personally, I would hate to see that slowed down, but that is just my view. So, a little bit of a grab bag of things to ask for your views, or your sector's views on.

Mr KELLY - Two very good questions. On the first one, in some ways the tech sector in Tasmania is becoming more and more visible through this debate. Technology is another way of talking about productivity and that is one of Tasmania's essential problems: that we need to continually be more productive in the work that we do, adopt innovation and new technology to stay competitive with our industries. That requires a community conversation about the use of new technology, what new technology can do, the difference between a good technology and a bad technology, and for Tasmania to focus on what its direction is when it comes to innovation.

The tech sector is a sector in its own right but it also supports all our other sectors of our economy. Agriculture, advanced manufacturing, all of them have some new technological aspect to them. We shouldn't be seeing technology as something that's optional; it is actually part of the economic mix of Tasmania. I encourage that wider debate around how we are adopting technology in Tasmania so that we can continually change the mix and the types of productive jobs that we do on-island.

In regards to the second aspect of the question, the subsea cable: vitally important, and I think that not many people understand how we have -

Ms OGILVIE - Begged for one for a decade.

Mr KELLY - Yes, left that vital connection to the mainland on the back burner for a long time. All the data that every Tasmanian uses every day has to get off the island and come back to the island. At the moment, we have three cables, in effect two cables, operated by Telstra that are nearly 30 years old. The federal government hasn't really had, even though it's responsible under the constitution for communications, a great focus on Bass Strait.

Ms OGILVIE - We have tried.

Mr KELLY - Marinus Link, its fibre optic cable will be a game changer for Tasmania. And to get to the point about Firmus Technologies, the Bernacchi-1 cable that comes in north of Launceston that will connect Melbourne and connect Sydney more than doubles our capacity to get data on and off island. In fact, it'll take less than two milliseconds to get data from Launceston to California, which means that Launceston becomes a suburb of Silicon Valley. That is one of those huge opportunities that we currently don't have.

The tech companies that we have punching above their weight in Tasmania at the moment stay here for lifestyle reasons. They love to live in the beautiful environment of Tasmania, and it's always been the data connections with their markets in the northern hemisphere that they've had to fight against. Having data cables across Bass Strait, and the fact that there's two currently being considered, one, Bernacchi-1 that I mentioned, Marinus Link, the fibre optic cables, I should say, has the potential to change the economic mix in Tasmania to allow companies to migrate to Tasmania who need to use large volumes of data. And, of course, it's not just that single company that's the benefit. There are ancillary companies that grow up around it and it also means that it's a very -

Ms OGILVIE - That's the ecosystem. That's what I've been trying to describe poorly to the team.

Mr KELLY - so the technology ecosystem, and it enables our research facilities, the University of Tasmania, TasTAFE, to be able to provide a pipeline where young Tasmanians can dream of working in technology without leaving the island. In terms of community benefit or public benefit for a development like an AI data centre, the data cables - they are the anchoring tenants for the data cables, for the fibre optic cables that allow other possibilities that we currently can't access.

Ms FINLAY - As long as we can absorb these opportunities, as long as we can realise those opportunities.

Ms OGILVIE - That's right.

Ms FINLAY - Hopefully.

Mr HISCUTT - Thank you very much for the information so far. Just to go back to the conversation about staging and bringing on the capacity as the energy becomes available. Recognising, as you said, that they're essentially modular pieces that can be inserted into the physical infrastructure of those builds, how does that work in a scales of economy sense? Generally in that sector, as I understand it, as you buy more of them, you would get that at a cheaper rate, whereas buying less more frequently would cost more. I come from a physical manufacturing background, not an ICT background, but is that a correct statement, that there would be issues with that staging?

Mr KELLY - It's a little bit beyond my remit because they are commercial negotiations that a proponent would be having with Hydro Tasmania. All I can do is revert back to the position of TasICT and the tech sector, which is that it's such a new industry, our policy position is that it needs to be one step at a time. That there's massive change in AI data centres, how they're designed, who their clients are, the distance from market, what they're used for. Purely from a risk management point of view, the state of Tasmania should be aware of the risks of contracting a large amount of energy over a long period of time but, in fact, make those commitments up-front, able to be measured, reported against, and done in a step-by-step way.

Mr HISCUTT - I guess I'm trying to understand what that looks like physically, that is the build the factory and bring it on at a quarter full with actual infrastructure, match the energy, put in another quarter, match the energy. That's what you actually mean by that, just to make sure I understood it properly?

Mr KELLY - Yes, a stepped approach, with the known load predetermined and agreed, and then as new generation comes on board, it's matched.

Mr HISCUTT - I guess, then, the question to that is whether that's financially viable for the companies bringing in to do it in that stepped approach, or whether that makes it no longer commercially viable. That might be the question we can ask others. Thank you.

CHAIR - That's a good question.

Mr BAYLEY - You articulated that you think that data centres should be able to demonstrate clear public value, your language was. How do they demonstrate that? Is it through the assessment process? Because, to be frank, it's obviously not at the moment. That's why the Premier has stepped in and articulated the need for a community benefit scheme, because he's

responding to the community not seeing that clear public value. How is it demonstrated? Is it through the assessment process, is it through better communications, is it through some other process? How is a community who is clearly mistrustful and sceptical, as it stands, about the scale and the speed of the rollout, to be convinced that there is clear public value?

Mr KELLY - Good question, and the short answer is, every step of the way. AI, generally as a technology, has a trust issue right across the globe. What's one of the unintended consequences at the moment is that how we use AI is being conflated with the infrastructure that is built to use it. The fact is, anybody with a mobile phone in Tasmania at the moment is using AI, and that infrastructure is somewhere and it's not going to go away. It's actually only going to get more and more use into the future. AI has got a trust issue in how it's used. The organisations that are building the infrastructure have to recognise that and make sure that the process for approving infrastructure is trustworthy every step of the way.

CHAIR - They're not the ones doing that. That's the planning authority or someone else.

Mr BAYLEY - Yes, totally.

CHAIR - The question is, what does it actually look like? I mean, you can fix the planning process, maybe - probably needs amendment to do it - but aside from that -

Mr KELLY - So, it begins right back at a proposal. When does the proposal become public? I know it's -

CHAIR - So, when should that happen?

Mr KELLY - Yes. It's been an issue in the hearing, and I've heard that. It's completely legitimate for a business organisation to make inquiries about what possibilities might be, but when the inquiries become committed to paper as a business proposal and are put to a government department in order to see whether public resources may be available, that is the moment where there should be a transparent and open conversation with the community about what's proposed.

CHAIR - This is well before the DA is put in?

Mr KELLY - Yes. If there is a business proposal that is seeking government support for public resources, at that point there should be the beginning of a community discussion, and that will help build trust for the process from the very get-go.

Mr BAYLEY - So, could -

CHAIR - Just to flip that, if I might for a minute, Vica, if an entity came in that was going to seek approval through a DA to build a large data centre here and a large wind farm right beside it - so they weren't going to rely on Hydro to provide that power or notionally even TasNetworks, if you could do that, you're saying then it's only if they need government resources that there should be a public process, or should it be regardless?

Mr KELLY - Well, what we're talking about here is the official process starts with the lodgement of a DA. But what we're seeing in terms of a trust-building exercise, communication with the community that may be affected should begin as soon as there is a business case and discussions are occurring.

Mr BAYLEY - Is there a role there for government here? For example, we heard in evidence this morning of a situation where the Office of the Coordinator-General has been communicating with a particular proponent - a not insignificant proponent, a 200 to 300 megawatt-sized data centre in the north-west. This was tabled thanks to a Greens motion in parliament that we got this information, but it's only through landowners contacting our offices that we're hearing that, 'Oh, actually, this is on agricultural land, it's next to Sheffield, and actually there is an agent for the proponent down here trying to buy land, knocking on farmers' doors trying to buy their land'. Is that an appropriate engagement? Or what should be happening ahead of that? And what can government be doing, because government is involved, they are helping to facilitate this?

Mr KELLY - What I've just laid out is that at that process where a DA is about to be lodged and there is a business case, that is the appropriate time. It is a longstanding and legitimate part of how industry operates that organisations are able to have information commercial-in-confidence, and the technology sector supports that. There's a fact-finding to do with developing a proposal, and it's completely legitimate that that should attract commercial-in-confidence. Until there's a point where a proposal, a business case, has been done and a development application is ready to be lodged, then best practice would be that the community is then made aware of that.

Mr BAYLEY - Isn't that too late, though? When a DA is about to be lodged, it's pretty well firmed-up. It's pretty firmed-up in a proponent's mind.

Ms OGILVIE - That's why we have a planning process.

Mr BAYLEY - Shouldn't the engagement with community be well before the DA process so that the DA can actually reflect the community sentiment, community views? It could be scaled back or changed or put in a different location, or not progressed at all, in some cases?

Mr KELLY - It's in our submission that development applications ought to be able to be changed depending upon community feedback, and that is part of the process of building trust. The tech sector suggests that AI data centre developers involve the community in discussion as early as possible to ensure that any views that are raised can have the potential to be able to be taken on board to change the application.

Mr BAYLEY - The state government's expectations for data centres basically says that there's an expectation that developers engage early with communities and others. Are you really saying that 'early' is when they've got a DA that's written and ready to lodge?

Mr KELLY - When they've got a business case and that they've got a DA that's ready, and that they need to start a conversation with the community that may be affected by the use of those public resources. So, it is before lodgement, yes.

Mr BAYLEY - I guess the thing I'm struggling with, if the DA is written, maybe it's not lodged. Hasn't the horse already bolted, then? The business case is done, it needs to be a certain scale, it needs to be in a certain location, it needs to have a certain set of resources. Isn't it too late then for the community to have any meaningful impact on what that development is going to look like?

Mr KELLY - No, it's not too late. There are already live examples in Australia of data centres being withdrawn from councils and rethought because of the feedback that's been received in the process.

Mr BAYLEY - I guess we've got a situation here in Tasmania where the main data centre developer is appealing the conditions to try to increase its generator use. It's actually trying to change what it even told the regulator it would have by expanding it. I guess we've got a flipped situation here, sadly.

Ms OGILVIE - I have to disagree with you a little bit there, Vica, because the planning process is the planning process -

CHAIR - The question is to the - you don't need to argue around the table.

Ms OGILVIE - Well, I'm going to just disagree with Vica. We have that planning process for a reason. It seems to me that the appropriate time - so there's many layers to this. It does seem to me that the appropriate time to define what community benefit should look like is now, and that we should have a sector-wide perspective and then perhaps it also has local and place-based perspectives as well. In the benefits fund that we are imagining it could have a couple of layers to it, given we want to do some strategic stuff, there's innovation, there's startups, but then there's also local community things, the people who might be close, the digital divide issue I think, perhaps, could be central. Has TasICT given some thought to the complexion of what the fund could be?

Mr KELLY - Yes, we see it as a great opportunity to solve some of the premium issues for the tech sector and employment and productivity in Tasmania. That's why we support the idea of a local community benefits fund. It should have components that increase employment in the tech sector by encouraging young Tasmanians to take on TAFE and university courses. We hear that already there are preliminary discussions with Firmus Technologies about the involvement of UTAS and TasTAFE in what that might look like.

Also we want to grow the ecosystem of other tech businesses around data centres so that there are many other kinds of businesses that can move to Tasmania, or expand if they're already here, because this new form of industry exists. It's not just tech businesses, but it's also air-conditioning, for example, electricians, a whole ecosystem of different businesses that can have as a major client an AI data factory.

The third thing is for the local community to have access to some kind of community development fund so that if you happen to live in a community that has an AI data centre in your community, it becomes a source of support for digital inclusion initiatives, or initiatives that can grow the capacity of that community, so that people living there know when they drive past the facility, they know how they're benefiting from that infrastructure.

Mr BAYLEY - Thanks Russell. Your submission has a couple of really welcome comments or proposals in relation to assessment, both that cumulative effects must be assessed and that the precautionary principle should apply wherever the evidence is genuinely uncertain. That's really welcome and they're principles we certainly support. I'm just interested particularly around the cumulative effects, when it is by its very nature and it has to be, that a proposal over here is assessed, someone else has got one over there. They're not all happening in the same year at the same time. How do you assess those cumulative impacts? And does this

speak more to there needing to be a really clear strategy in relation to development so that the totality of what the government needs to be accepted is understood and then developments could be assessed underneath that umbrella? Otherwise, how do you actually assess the cumulative impacts of separate proponents that are being assessed in different years, potentially?

Mr KELLY - It's a strong 'yes' from the tech sector on that. For our industries to be on brand in Tasmania, for us to continue to develop what makes Tasmania special, we have to make environmental sustainability part of that. Therefore, the cumulative effects of energy draw should be very much front of mind, and that the generation of energy and the facilities that use it need to be assessed as a whole.

Mr BAYLEY - But how can they be assessed as a whole when Firmus has a proposal over here, there's another six here that are from different proponents, they're all on different timelines? How do you assess them as a whole unless there is going to be a government strategy that sets the limits and then everything fits underneath that?

Mr KELLY - That's the way forward, what you've just described there. Yes, a strategy, and all the energy draw being understood in its cumulative impact.

Mr BAYLEY - Do you have a view on what the maximum cumulative draw should or could be?

Mr KELLY - Our guardrails are to comment on what an AI data centre is and the wider community benefits that could flow on from it, but the actual specifics of Tasmania's energy yield and use is beyond our submission.

CHAIR - If we could just go back to the matter of dedicated zones; you had made some sort of guiding principles, if you like, in your submission on that. Whose job is it to determine where they are and on what basis?

Mr KELLY - We support that AI data factories should be in designated zones, and our understanding of what that means is industrial zones, areas that are already allocated for industrial use.

CHAIR - You said a bit earlier heavy industrial. There's a difference between industrial, light industrial and heavy industrial. Light industrial is often very close to residential areas, sometimes basically embedded in and around them. Is that okay, or should they be in heavy industrial zones, which are more clearly dedicated to heavier industries?

Mr KELLY - We don't have a position on whether light industrial or heavy industrial, just that they should be in zones that are designated for industrial use.

CHAIR - I'm going back to a proposal that Vica was referring to earlier, one where it might be placed in a rural area on agricultural land. That, unless that was rezoned industrial, would not be suitable in your view?

Mr KELLY - Yes. Our view is that it's an industrial use; it should be in an industrial zone.

Mr BAYLEY - Would you support land being rezoned in response to a proposal?

Mr KELLY - It's a bit beyond our submission at this stage and enters into a hypothetical situation. So, it's beyond our what our submission is at this point.

Ms FINLAY - Could you paint a picture for the Committee? Let's just say that the energy and the generation is being matched, we're in full commission and we're two, three, four, five years down the track. What does it look like in Tasmania? If we've got full community benefits, the fund is doing its job, we've been able to get access to the cable and to compute, what does it look like in Tasmania? What's the picture?

Mr KELLY - If we get this right, we reinforce the international reputation of Tasmania as being a wholesome, natural, safe place to live, an oasis in a world of trouble. And we have great connection with the rest of the world through fibre optic cables that go across Bass Strait, we have scaled data centres that provide jobs for Tasmanians and are the anchor tenants for the surrounding ecosystem of tech-related businesses.

Tasmanians have become more productive in their work. Young Tasmanians growing up have the option to stay here on-island and work in industries that, to this point, were only available in Sydney or Los Angeles but they can stay here with family on-island, and the conversation has changed from one of, 'There's no opportunity in Tasmania' to one of, 'What will I build next, right here in Tasmania?'

Ms OGILVIE - I'm on the same theme and I think that was just a great question.

I would like to ask you about digital economy and what that means for Tasmania because I think you've just sort of articulated a piece of that. Anything IP-driven is obviously part of the digital economy. We need the subsea cables and this ecosystem. What more do you think we could do as a government to support the digital economy? I'm thinking about screen, music, all of those things. I can, of course, comment on improving grants to everybody which I'm sure they would love, but just thinking more on the tech side, do you feel that there's an uplift opportunity there for local creatives and innovators and programmers in this IP space?

Mr KELLY - Yes, the government is making steps in this direction, but we really do need to recognise the digital economy exists and that the tech sector supports all other sectors and all other sectors are increasingly reliant upon technology. We need to make upskilling Tasmanians, making everybody more confident with using technology as part of our economic mix, and definitely one of the concerns that the tech sector has with recent machinery of government changes is that we are in danger of losing sight of the value of our creatives and we're also in danger of neglecting our Antarctic focus and the science part of Building Tasmania.

The problem with a name like Building Tasmania is it emphasises on built infrastructure and projects that can be opened, whereas a lot of the creative energy of our island, which is part of being, you know, part of our unique point of difference, is to encourage the creative arts, so that is hand-in-hand with the digital economy and that is something that the tech sector would want to support the government to rethink.

Ms OGILVIE - Great comment, thank you.

Mr BAYLEY - Do you have specific feedback for government in relation to roles and departments, and have you made that view well known to government?

Mr KELLY - We've made this position known to government over several months - the need to focus on creative Tasmania and to ensure that there's a strong link with science and innovation in Building Tasmania.

Mr BAYLEY - What's the response been over those months?

Mr KELLY - The government's aware of this feedback.

Mr BAYLEY - But they haven't responded to it in formal terms, they haven't restored some of the positions?

Mr KELLY - Where the government is at with its changes to Building Tasmania is something for the government to explain through parliament, I think.

Ms FINLAY - Chair, could we just put this on the record? Ms Ogilvie opened with a comment of gratitude for your work, but I think in closing, could the Committee recognise that Russell's term with TasICT is coming to an end at the end of the year? You've been exceptional.

Ms OGILVIE - We've all loved working with you.

Ms FINLAY - I think it's recognised right across the parliament and the community. We thank you for your contributions today and your contributions to the industry and wish you well with your future creative endeavours.

Mr BAYLEY - Hear, hear.

Mr KELLY - Thank you very much.

Ms LOVELL - Well said.

Ms OGILVIE - Hear, hear.

CHAIR - Thanks for your appearance today. I don't think there’s anything we had outstanding on notice, so we thank you for your appearance today and wish you all the best.

Mr KELLY - Thank you.

The witness withdrew.

The Committee adjourned at 12.45 p.m.